



**FACT SHEET**

**PRIVATE ENTERPRISE OFFICE**

**Modernizing Financial Institutions (MFI)**

**PROJECT PROFILE**

**JANUARY 2011**



*Training of Palestinian Monetary Authority staff in anti-money laundering detection.*

**CHALLENGES**

- Lack of adherence to international standards for monitoring and reporting.
- Cultural and historical reliance on informal agreements for financial activities.
- Ease of conducting illegal activities within an informal financial system.
- Critical position of the financial system and need to support the integrity of financial dealings for foreign investment.

**Project Overview**

MFI is implemented by Louis Berger and provides technical assistance and capacity building to the Palestinian Monetary Authority (PMA) and other financial institutions in anti-money laundering and combating other financial crimes. MFI is helping the Palestinian Authority (PA) to develop a regulatory framework that will result in increased formal financial transactions. MFI works with the PMA and the Palestinian Capital Markets Authority (PCMA) to ensure that the PA has the capacity to identify and investigate suspicious financial transactions. A transparent financial system that prevents terrorist financing and money laundering is essential to the short-term reputation and long-term financial success of the PA.

**Goals**

- Reduce the growing threat of money laundering activities and other financial crimes within the Palestinian financial system.
- Monitor anti-money laundering activities in the West Bank and Gaza through the National Money Laundering Committee and the Financial Follow-Up Unit (FFU).
- Increase the capacity of Palestinian Authority institutions to share and retrieve information necessary to identify illegal financial transactions.
- Regulate key financial sectors for money laundering activities with a specific focus on the money changers, precious metals, and real estate.
- Strengthen the PMA and PCMA's financial-sector supervision and detection of suspicious transactions.

**Activities**

In collaboration with other international agencies, MFI supports the development and strengthening of the PMA and its elite financial intelligence unit, the FFU. MFI provides technical assistance and training to the FFU (and other Palestinian financial institutions as well) with a focus on four key PMA priorities:

1. Integrate the Palestinian banking system into the international banking system;
2. Ensure adequacy of each bank's anti-money laundering systems;
3. Identify suspicious transactions with the custom-designed software installed in 2009; and
4. Develop the policy and legal frameworks to ensure that real property and gold transactions are recorded and cannot be used to hide illegal financial transactions.

Together, these activities strengthen the PA's ability to detect and prevent illegal transactions.



**USAID**  
FROM THE AMERICAN PEOPLE

# WEST BANK/GAZA

## FACT SHEET

### PRIVATE ENTERPRISE OFFICE

Modernizing Financial Institutions (MFI)

### PROJECT PROFILE

**JANUARY 2011**



*Senior bank managers taking part in a compliance and anti-money laundering workshop.*

A significant portion of the Palestinian economy relies on informal, face-to-face agreements and transactions. To reduce financial crimes associated with the informal marketplace, MFI is working with the PCMA to formalize management in the financial sector. PCMA maintains oversight responsibilities in the Palestinian securities, mortgage financing, correspondent banking, and insurance sectors, all of which are potential targets for financial manipulation and criminal activity. MFI also focuses on improving the flow of information on financial transactions to the PMA to ensure that its Financial Follow-Up Unit (FFU) has information on financial transactions and can, thereby, identify a greater number of illegal transactions.

In addition, MFI is preparing the PA for membership in the Middle East and North African Financial Action Task Force (MENAFATF), which was established to prevent and detect money laundering throughout the region. Membership in this organization is a key step forward for the Palestinian banking system.

Strengthening the PMA, the FFU, and the PCMA is essential to the establishment of a rigorous financial governance structure that will prevent financial crimes and money laundering in the West Bank and Gaza. This activity is critical because effective regulatory bodies are necessary for the growth of the private sector, the reduction of corruption, the expansion of trade and investment, the reduction of inefficiency, and the improvement of Palestinian competitiveness in world markets.

#### Successes

- Supported the establishment of the FFU within the PMA to monitor money laundering activities and financial crimes within the Palestinian banking system.
- Identified and investigated more than one hundred suspicious financial transactions per month as a result of FFU monitoring and the customized GO-AML software installed in 2009.
- Provided software and sector training to the FFU staff.
- Implemented a legal framework for nonbank financial Institutions.
- Trained Palestinian banks and nonbank financial institutions in PMA reporting requirements.
- Supported the creation of a document management and archiving system for the PMA and the PCMA.

#### Project Detail

Implementing Partner: Louis Berger; Life of Project: 09/28/2007-09/29/2011; Total Estimated Cost: \$6,415,358.

#### CONTACT INFORMATION

John Carihfield  
Director, Private Enterprise  
Program  
USAID  
U.S. Embassy Tel Aviv  
71 Hayarkon Street  
Tel Aviv, 63903  
Tel: 972-3-511-4848  
Fax: 972-3-511-4888

Melissa Kennison  
Desk Officer  
Tel: (202) 712-4521  
Email: [mkennison@usaid.gov](mailto:mkennison@usaid.gov)

[www.usaid.gov/wbg](http://www.usaid.gov/wbg)